



THE FOOD INDUSTRY IN FRANCE

LATEST TRENDS

INTRODUCTION

Food is one of France's flagship industries—in fact, it's the No. 1 French industry for both sales and jobs, with 17,647 businesses employing 461,544 people and generating sales of €180 billion. French agrifood businesses have met the Covid-19 crisis with resilience and adaptability, building on an efficient, tightly-woven supply chain from harvest through processing, distribution and logistics.

Food is also a key contributor to the country's trade balance: in 2019, agriculture and food were the third-largest export category to show a trade surplus, at €7.9 billion.

And food industries have a direct impact on France's regional economies, which process 70% of the nation's agricultural output.

Our agrifood market is mature, with both big players and a rich ecosystem of SMEs: while 2% of companies generate 58% of the sector's sales, 76% of agrifood companies have fewer than 10 employees.

But consumer habits and expectations are changing, pushing all agrifood players to reinvent themselves as the entire French supply chain—from farms to food companies to retail—moves towards the circular economy. Because these days consumers want products that reflect the value they place on environmental protection and sustainability.

More broadly, in recent years food players have adopted a strategy of innovating and optimizing both production and distribution, without compromising their commitment to delivering healthy, nutritious foods.

And as the industry raises its game to meet these new demands, new trends are emerging.

We're Nord France Invest, the economic development agency for Hauts-de-France. And this white paper draws on our hands-on experience of the food industry to take you behind the scenes, analyzing these fast-moving trends to show what they can do for your business.

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We help make your project a success in Hauts-de-France	



FOOD IS BIG BUSINESS IN FRANCE

1 Food

is big business in France

France has the second-highest food sales in Europe, outpaced only by Germany.

In 2017, total sales rose by €4 billion to €213 billion, up 2.5% from 2016. And in 2019, food industries were France's third-largest trade surplus category—€7.9 billion in all—making them one of the largest contributors to the national total, alongside cosmetics.

Agrifood is also France's No. 1 employer, and continues to grow: in December 2017, it had a workforce of 461,544.

Much of the French market's energy comes from industry leaders such as Danone, Lactalis and Pernod-Ricard, which generate a significant share of their sales on export markets. Yet even in a thriving sector, innovation is a priority. In recent years, new trends driven by demanding consumers have transformed the French agrifood landscape, pushing businesses to reinvent themselves to meet market expectations.

What are these trends, and how should the sector adapt to them?

Source: Panorama de l'agro-alimentaire 2020, an overview of 2020 trends in agrifood published by the French Ministry for Agriculture and Food

CLOSE-UP HAUTS-DE-FRANCE



EXPERT INSIGHT

Philippe Hincelin,
CEO
Agro-Sphères
(Amiens)

Regional resources in agrifood

The Hauts-de-France food industry by the numbers:

- €10 billion in sales, including €5.4 billion in exports
- 53,000 employees at December 31, 2018
- 1,300 companies
- 21% of regional jobs in industry

Source: Agro-Sphères "Réussir en agroalimentaire" - 2018

How would you describe the region and what it has to offer?

You'll find every segment of the industry in Hauts-de-France: fruits and vegetables, sugar, meats, baked goods, and everything and anything related to fish in Boulogne-sur-Mer. We have one of the most diversified ecosystems in the country, and there are food businesses in every part of the region.

1 Food

is big business in France

CLOSE-UP HAUTS-DE-FRANCE

**“Nationwide,
Hauts-de-France
ranks among the
top 5 producers for
40 different crops”**

How is this diversity reflected in local business communities?

The region is home to 1,300 agrifood sites with a total workforce of over 50,000. A number of major international corporations—including Häagen-Dazs, Nestlé and Ajinomoto—have operations in northern France, and some regional companies that have grown into multinationals with leading market positions are still headquartered here, including Bonduelle, Roquette and Holder. Lastly, we have a robust ecosystem of dynamic, innovative SMEs, and it's this diversity that makes the Hauts-de-France agrifood sector so vibrant.

What are the region's flagship products?

Nationwide, Hauts-de-France leads the field in many crops: we rank among the top 5 producers in no less than 40 categories.

We're the country's leading producer and processor of beet sugar, and we're also No. 1 for wheat, potatoes and green peas, among other crops. Since harvesting and initial processing often go together, our potato segment has naturally attracted many companies. Farmers here are highly qualified, which means they're good at producing, adapting and shifting to new crops when they need to. And we have what must be some of the world's most fertile land.

Where does the industry add value?

Not in initial processing—you find real added value in more sophisticated products and niche markets. Some companies have moved far out ahead of market trends, building on that to differentiate themselves and become leaders in France and across Europe. One example is Babynov, a baby food maker that didn't even exist 15 years ago; another is ABCD, which specializes in gluten-free products. In fact, France's top two gluten-free processing sites are right here in Hauts-de-France. So you've got primary crops and produce, and initial processing, but at the same time more sophisticated products in the gluten-free and baby food categories. These niche markets will power tomorrow's growth.

A woman with blonde hair, wearing a red beret, heart-shaped sunglasses, and a red and black striped shirt, is smiling and holding a large bag of baguettes. She is standing in front of a white wall with horizontal lines. A red semi-transparent box is overlaid on the right side of the image, containing the text "CONSUMER TRENDS IN FRANCE".

CONSUMER TRENDS IN FRANCE

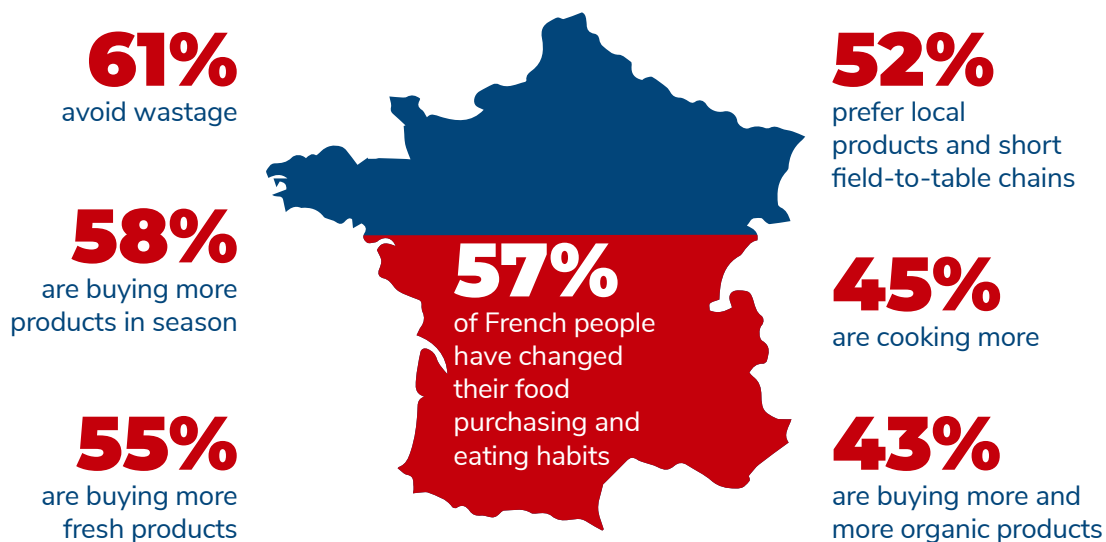
2. Consumer trends in France

Introduction

A number of French food products are in high demand on export markets, which shows just how vibrant the industry is. The top export categories are traditionally beverages, along with dairy- and grain-based products.

And although their success has buoyed the market, it's critical for French agrifood players to stay on their toes, reinventing themselves to meet fast-changing consumer expectations. Why? Because new eating habits are reshaping the French market, and the organic and vegan food segments are expanding to keep pace.

New eating habits in France



Source: Agence du Bio, 2019





2. Consumer trends in France

Vegetarian and vegan markets: Growing

2.1 VEGETARIAN AND VEGAN MARKETS: GROWING

Powerful trend

The vegan and vegetarian segments are booming, with annual growth of 24% in 2018 alone.

This trend is set to continue, with sales rising a projected 57% from €380 million to €600 million this year. Medium-term estimates call for vegan/vegetarian foods to stabilize at around the same level as the gluten-free segment. Meanwhile, the plant-based prepared foods segment jumped 23% to €175 million by year end.

Source: Xerfi, 2018/Snacking, 2019

Because veganism is rooted in respect for the value of animal life, its practitioners avoid consuming meat, fish and eggs, as well as products made with animal-based raw materials. Vegetarians essentially avoid eating meat, so their diet is less strict.

Today, 2% of the French population is vegetarian and 0.5% is vegan, but 34% describe themselves as flexitarian, which means they consume less meat but don't eat a strict vegetarian diet.

In addition to protecting animal life, consumers have embraced these trends to reduce the environmental impact of the foods they eat, with meat production viewed as very energy-intensive. From 2008 to 2018, consumption of meat in France dropped by 12%.



2. Consumer trends in France

Vegetarian and vegan markets: Growing

How the agrifood sector is meeting demand

French agrifood players are moving to meet these new consumer trends:

- **Retailers launched their first vegan ranges** in 2015: Veggie by Carrefour; Envie de Veggie by Auchan; Bon et Végétarien by Système U; Veggie Marché by Les Mousquetaires; and Le Végétal by Monoprix.
- **Nestlé, Danone, Fleury Michon and other industrial food companies followed suit**, viewing plant-based foods—like their dairy and meat lines—as a way to diversify their offer. According to Xerfi, Nestlé became the leader in plant-based prepared foods in the space of 18 months, winning 28% market share with its Herta brand.



Rapid growth in hyper- and supermarkets

Select vegan categories are booming in large and medium-sized retail outlets.

These include plant-based desserts, where players include Andros, Bjorg, Charles & Alice, and Danone's Alpro and Michel & Augustin brands. This segment should continue to grow, doubling from €100 million in 2018 to €200 million in 2021.

Plant-based prepared foods are expected to grow 23% a year over the same period, rising to €175 million over three years.

In the future, companies will grow sales primarily by increasing the number of available products. Strategies include:

- Expanding their offers
- Breaking into canned and frozen foods, and other new market segments
- Showcasing offers by selling targeted brands through specialized retail outlets
- Broadening their consumer base
- Multiple certifications could encourage consumers to move between segments of the alternative foods market—from organic to gluten-free or lactose-free, for example.

2. Consumer trends in France

Vegetarian and vegan markets: Growing



PLANT PROTEINS AS A MEAT ALTERNATIVE: EXPERT INSIGHTS

Jean-Philippe Azoulay
Vice President,
Pea & New Proteins
Roquette

A pioneering leader in the vegetable protein market

Demand for plant-based foods—and for vegetable proteins in particular—is soaring, and our investments and product innovations have put Roquette in an excellent position to meet this massive trend.

We now have over 40 years of experience in plant protein R&D, and have pioneered specialized proteins for the food, nutrition and health markets. We've spent a number of years studying the next generations of plant-based proteins to identify the most efficient, sustainable sources and meet food producers' needs.

Among legumes, fava beans (*Vicia faba* L.) are particularly useful. They're rich in proteins and fiber, they're gluten- and GMO-free, and they aren't a major allergen. And like yellow peas, they can be grown with eco-friendly farming methods.

We recently expanded Roquette's offer with Nutralys®, a new range of textured proteins made from yellow peas and fava beans. Nutralys® offers new possibilities for taste and texture and opens the door to developing plant-based alternatives to foods made with fish, such as pâtés and spreads.

We've already invested in two pea protein production facilities: one in Vic-Sur-Aisne, here in Hauts-de-France, and another in Manitoba, Canada. Together, they'll have the highest pea-processing capacity in the world.



2. Consumer trends in France

Vegetarian and vegan markets: Growing



NxtFood—new company gets to the meat of the matter

“Our 100% plant-based steaks are made from locally grown peas and wheat. We’re rated A by Nutri-Score and have the same amino acid profile as meat.”

Founded in early 2019 by Thierry Maroye, this Lille-based startup is on a mission: develop a 100% plant-based steak alternative made exclusively from products grown in the region. NxtFood already has an R&D lab and production unit in Villeneuve-d’Ascq and plans to ramp up output by building a 3,500-sq m plant in an industrial park at the Vitry-en-Artois airfield, near Arras. The facility is scheduled to open in early 2022.



2. Consumer trends in France

Nutrition: High expectations

2.2 NUTRITION: HIGH EXPECTATIONS

Today's consumers want seasonal foods, a small carbon footprint and good animal welfare practices. But that's not all. Demand for good nutritional value is a major underlying trend driving food markets worldwide.

Transparency: An essential ally

Food brands are responding to this trend with hyper-transparency, adding new information to product packaging and adapting their marketing to identify products as free of additives, dyes, GMO, gluten, palm oil and more.

The French government has also encouraged agrifood players to raise their game. Since 2016, when new public health legislation was adopted, a front-of-pack nutrition label has been developed that is easier for consumers to understand: Nutri-Score.



NUTRI-SCORE



Under the Nutri-Score system, prepackaged food products carry a logo on the front that rates their nutritional value with five colors and letters.

Each product is assigned a score:

- foods with the highest nutritional value are marked with a large A (dark green)
- foods with the lowest nutritional value are marked with a large E (red)

The product's score is clearly indicated on the logo:



2. Consumer trends in France

Nutrition: High expectations

Today nearly all processed food products and beverages sold in France carry the Nutri-Score logo. Alcoholic beverages, and unprocessed foods such as fresh fish, fruits and vegetables, are among the few exceptions.

Nutrition Health Longevity Cluster: Taking a 360° view of nutrition

Good nutrition starts at the beginning. A finished product can't be healthy unless its raw materials and ingredients meet the same high standards before they're processed, and the only way to guarantee that is traceability and good food safety procedures.

That's the philosophy at the NHL Competitiveness Cluster, whose 350 members include seed producers and other stakeholders at the upstream end of the value chain.

Founded in 2005, this world-class cluster brings together players in biotech and agrifood, from ingredients to finished products, fostering innovative projects at the intersection of nutrition and health. NHL recognition rewards excellence and performance in the Hauts-de-France agrifood sector. Members come from the private and public sectors, and from corporations to non-profits to research organizations. Together, they generate over €60 billion in sales annually, with exports accounting for nearly half.

CLOSE-UP HAUTS-DE-FRANCE



NHL CLUSTER



2. Consumer trends in France

Nutrition: High expectations



Jean-Philippe Azoulay
Vice President,
Pea & New Proteins
Roquette

Roquette is a pioneer and market leader in plant proteins, and you recently invested €500 million in this space. Can you tell us why?

We invested half a billion euros in pea proteins over a period of five years. That included nearly €400 million to build the world's largest pea processing plant in Portage la Prairie, a small city in Manitoba, Canada.

Our aim was to lock in a safe, reliable supply of high-quality pea proteins to meet growing worldwide demand over the long term. As far as we know, no one else is investing as much as we are in this segment.

In the medium term, Roquette will also have another pea production plant in Vic-Sur-Aisne, in Hauts-de-France. Together, our Canadian and European plants will have the highest pea-processing capacity in the world.

Why invest on this scale—and how will these investments shape Roquette's future?

Demand for vegetable proteins in the human nutrition market is exploding, especially for proteins from innovative new sources.

- Revenue from pea proteins is growing at 14% a year
- In the past five years, new launches of food products made from pea proteins have generated average annual growth of over 30%

2. Consumer trends in France

Nutrition: High expectations

Total demand for proteins is expected to double by 2054 on the back of demographic change, economic shifts, urbanization and new eating habits.

And consumers are driving the growth: they're focused on health and well-being, they're interested in high nutritional value, food supplements, sports nutrition, specialized nutrition and meat substitutes, and they have special requirements such as non-GMO and non-allergenic foods. They care about sustainability, too.

To develop plant proteins, you need in-depth knowledge of protein functionality, taste and texture, and no one is in a better position to meet these challenges than Roquette. With our 40 years of expertise, we can meet customer needs and consumer expectations better than anyone in the industry.



2. Consumer trends in France

The craft beer revolution

2.3 THE CRAFT BEER REVOLUTION

France exports more beverages than any other agrifood product. And while France is inevitably associated with French wines and Champagne, the country also has a long brewing tradition—in fact, it made beer before it made wine.

The French beer industry by the numbers:

- Beer-making employs 64,000 people
- France is Europe's top producer of malting barley
- France exports more malt than any other country in the world, and is a major beer exporter, too
- 28% of beer production is exported, largely within Europe

Since 2014, beer consumption has rebounded, and over the past ten years the industry has seen new growth, getting its fizz from the buoyant micro-brewing segment.

This success reflects its very good match with consumer priorities and expectations:

- Civic responsibility—local sourcing boosts regional economies
- Great taste, wide selection and quality ingredients
- Local origin—consumers trust local brewers to deliver better quality than industrial food companies
- “Destandardization” of production processes and consumption habits



2. Consumer trends in France

The craft beer revolution

CLOSE-UP HAUTS-DE-FRANCE



BREWING IN NORTHERN FRANCE

Hauts-de-France is France's No. 2 beer-making region

The brewing industry has a strong presence in Hauts-de-France, producing 6 million hectoliters a year and accounting for 30% of nationwide output.

Our region's traditional beer-making know-how is also reflected in the 60 producers located here. They range from craft and micro-brewers to leading international players, such as Jenlain, Goudale, 3 Monts, Heineken and Brasserie du Pays Flamand.

A smart choice for beer-makers

In addition to our strategic location, Hauts-de-France offers an abundance of essential ingredients, from barley to malt, hops, water and more. We are France's No. 2 hops-producing region, with 7% of the nation's output.



A stylized graphic of the French flag (blue, white, and red) rendered as a flowing ribbon that curves from the top left towards the bottom left. The ribbon has a 3D effect with shadows and highlights. In the background, there are faint, light gray geometric shapes, including a large triangle and a rectangle.

MADE IN FRANCE
WHAT THIS LABEL
CAN DO FOR YOU

3. Made in France, what this label can do for you

Meeting market expectations

3.1 MEETING MARKET EXPECTATIONS IN FRANCE

For 74% of French consumers, the “Made in France” label means better quality—and they’re willing to pay more for a product on this criterion alone. That’s how powerful French origin can be at the time of purchase.

Source: Ifop, Les Français et le Made In France, Vague 2018

A 2019 survey by the French Institute of Public Opinion (IFOP) and CEDRE, a business group advocating for responsible economic development, shows that for French consumers, the primary criteria for choosing a product are price and quality. For 90% of respondents, French origin is much more important for foods and beverages than for any other type of product—labels and certifications vouch for a company’s business methods and the quality of its products.

The Made in France label confirms a commitment to traceability. Its signals support for jobs and know-how in France’s regions, and may even encourage reshoring. In return, shoppers are more willing to pay above-average prices.

The same IFOP-CEDRE study shows that the “Made in France” label is an indicator of other desirable business practices, from making quality products to imposing demanding specifications to embracing civic and environmental responsibility.

Concern for the environment is a natural outgrowth of the country’s new focus on social responsibility, now a strategic priority for major companies that apply it to jobs, employer brands, employee well-being, and environmental and economic impact.

And for nearly 40% of respondents, when a product carries the Made in France label, its maker also chooses subcontractors based on quality.



Learn more about using the Made in France label (in French)
<https://www.economie.gouv.fr/cedef/fabrique-en-france>

3. Made in France, what this label can do for you

Meeting market expectations

3.2 A SPRINGBOARD FOR EXPORTS

In a survey of 480 businesses by marketing research firm TNS Sofres for Coe-Rexecode, a French research institute, France performed well for competitiveness when compared with eleven G20 countries including Japan, Spain, the UK, Germany and Italy.

France ranked No. 2—just behind Japan—for agrifood product quality, and No. 4 for quality-price ratio.



THE BOTTOM LINE:

33%

One-third of the world's population sees the Made in France label as a sign of high quality.

According to the Made-in Country Index, products made in France have an advantage in many countries around the world, including Morocco, Ecuador, Hong Kong, the United Arab Emirates, Egypt, Algeria, Austria, Belgium and many Asian countries. The index also ranks France among the top ten most highly regarded countries for export sales.



FAST FACTS

Philippe Hincelin – Agro-Sphères

“The biggest takeaway is that the Hauts-de-France region is the country's No. 1 exporter of food products other than beverages.”

David Caron, Director of the Häagen-Dazs plant in Arras
«For us, the «Made in France» label is an undeniable advantage. In the French market, this is obvious. For the Asian market, and for the entire Asian continent since we deliver 30% of our production to Asia, the fact that we make luxury ice cream that is made in France enhances the image of a quality product. This is clearly an advantage for our market development in Asia.»



An aerial photograph of a city, likely Lille, France, showing a mix of urban development and green spaces. A large, semi-transparent red and green architectural rendering is overlaid on the center of the image, depicting a proposed development with several rectangular buildings and a curved walkway. The text is centered within this overlay.

NORD FRANCE INVEST
WE HELP MAKE
YOUR PROJECT A SUCCESS
IN HAUTS-DE-FRANCE

4. Nord France Invest

We help make your project a success in Hauts-de-France

When you set up in an unfamiliar place, you need reliable, independent, well-established partners. That's what **economic development agencies** are for—and **they save you both time and money**, since their services are generally free of charge for international companies. Their aim? Build a win-win relationship between the host region and prospective investors.

At **Nord France Invest (NFI)**, the **investment promotion agency for Hauts-de-France**, we do just that, answering your questions and offering business solutions tailored as closely to your needs as possible.



NFI was founded in 1966. Since then, we've helped 1,300 companies set up in our region, and over the past 20 years, we've supported 159 investment projects in the food sector alone.

Because every case is unique, we adapt our approach based on the maturity of each project and the challenges it faces. **As a result, we've crafted a range of solutions for each stage in the business development process. Our services are 100% confidential and provided at no cost to you.** Funding is provided by the Hauts-de-France Regional Council and the Hauts-de-France Chamber of Commerce and Industry.

Dedicated expertise every step of the way

- **Step 1: Compile and deliver the information you need**
Once we have your specifications, we identify your specific needs, then work with our partners to provide a comprehensive response to all of your issues.
- **Step 2: Find the right solutions**
We draft a proposal setting out a range of possible solutions, from buildings and land to acquisition candidates and potential partners. Once you've reviewed it and shortlisted the best options, we schedule the necessary site visits, coordinating everything to make the best use of your time.

4. Nord France Invest

We help make your project a success in Hauts-de-France

- **Step 3: Develop a financial package and handle formalities**

We identify relevant grants and other public aid and tap into every possible source of support.

We also place the powerful NFI network at your disposal, facilitating your relations with local, regional and national authorities and speeding up administrative procedures. And naturally we advise you on interacting with local decision-makers.

- **Step 4: Follow up**

Working closely with our partners, we'll help you find your place in the local business community and develop your network. But we don't stop there: once your project is up and running, we're still on hand to support you as you grow.



NEED HELP FOR YOUR DEVELOPMENT PROJECT?

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